



LINDSEY MARSH DRAINAGE BOARD

**DRAFT
UNAUDITED
STATEMENT OF ACCOUNTS**

FOR THE PERIOD 1ST APRIL 2022 TO 31ST MARCH 2023



LINDSEY MARSH DRAINAGE BOARD

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Narrative Statement

Annual Report

About the Lindsey Marsh Drainage Board

The Lindsey Marsh Drainage Board is an independent body created under Land Drainage Statutes responsible for flood defence, drainage and water level management works, other than on main rivers, in a defined geographical area. The Board includes those elected by and representing the occupiers of land in the area and members nominated by the local authorities of East Lindsey and North East Lincolnshire District Councils.

The Board secures income mainly from drainage levies on farmers and other occupiers, and from special levies on local authorities. The Board also pays levies to the Environment Agency to fund works on main rivers that protect our area.

The address of the registered office is:

Wellington House
Manby Park
Manby
Louth
Lincolnshire
LN11 8UU

The Board consists of 10 elected members and 11 nominated members.

Elected Members:

G A Rust (Chairman)
S W Eyre (Vice-Chairman)
G Bowser (November 2022)
W Cooper
R Crust
M Denby (November 2022)
J M Mowbray
R H Needham
D Pridgeon (November 2022)
D R Tagg

Appointed by East Lindsey District Council

Cllr T Aldridge
Cllr D Andrews
Cllr T Ashton (June 2022)
Cllr S Dennis
Cllr D Edgington
Cllr A J Howard
Cllr D McNally
Cllr E Mossop
Cllr P Rickett
Cllr W Bowkett



Appointed by North East Lincolnshire Council
Cllr W Parkinson

This document is the Statement of Accounts of Lindsey Marsh Drainage Board for the financial year ended 31st March 2023. The accounts consist of:

The Annual Governance Statement

This statement acknowledges the Board's responsibilities in terms of preparing the financial statements and ensuring that there is a sound system of internal control.

The Statement of Responsibilities

This statement identifies the officer who is responsible for the proper administration of the Board's financial affairs.

The Statement of Accounting Policies

This statement details the legislation and source of accounting principles on which the financial statements are prepared.

The Income and Expenditure Account

This statement shows the gross expenditure, income and net expenditure on the major activities for which the Board is responsible and compares that cost with the finance provided by the local rate payer and others.

The Balance Sheet

This statement is fundamental to the understanding of the Board's financial position at the year end. It shows the balances and reserves at the Board's disposal, the fixed and net current assets employed in its operation, together with summarised information of the fixed assets held. This statement also includes the assets and liabilities of the Board.

The Statement of Movement on Reserves

This statement shows the changes in reserves during the reporting period.

The Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operation of the authority are funded by way of rate payers, special levies, grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority. **Statement to be completed**



Summary of Financial Performance

The Board's financial position improved during the year as follows:

- 1 Surplus: The Board made a deficit of **£520,020.92**, compared to a surplus of **£118,077.35** in 2022. This was for a number of reasons, however a net change of £1.1million for expenditure/grant receivable against incomplete schemes is the biggest fluctuation. The change is due to requirements to use accounting policies as determined by moving into a principal authority audit. We would usually recognise the spend as it is incurred and recognise grant income relating to this spend in the same period. The requirements for this year and the next two years will be to capitalise the pumping stations on completion (IAS16/IPSAS28) and recognise the grant income once all of the obligations and conditions imposed by the grant have been met (IAS20/IPSAS23). Both income and expenditure will be recognised in the same financial period once all the relevant criteria have been met.

- 2 Liquidity: Cash surpluses have decreased from £ to £, as shown in the cash flow statement.
Statement to be completed

- 3 Fixed Assets: During the year the Board purchased a Hitachi Long reach Excavator, Herder weedbasket, Dawson Pile Hammer, Noco Booster Jump Starter Pack, Excavator ditcher bucket, Topcom Trailer Weigher, Mini Beast Mag Drill, Transit Welfare Conversion, Toyota Proace and a Mitsubishi L22 at a total cost of £374,782. The Board disposed of a Cat Excavator for £60,000 making a net profit on disposal of £22,688.

- 4 Pension: The Board's notional pension deficit as administered by Lincolnshire County Council has reduced from a deficit position of **£4,045,000** to an asset position of **£845,000** during the year. It is important to note that this balance does not represent the exit cost to the Board of closing down the pension scheme. It is a notional figure calculated by the Fund Actuary based on a number of actuarial assumptions. Both 2021/22 and 2022/23 figures include the McCloud assumption. A full breakdown of these figures and performance is included within the notes to the accounts.

- 5 Funding: The Boards expenditure is mainly funded by cash from annual levies on ratepayers and local Councils. The Board also holds a number of cash reserves. External funding is sought on Improvement Schemes from the Environment Agency, this varies on the type of scheme but is typically 45% or 100%

- 6 Revaluations: The Boards pumping stations were revalued at 31st March 2009, they are yet to be revalued in line with International Financial Reporting Standards, once revalued the draft accounts will be amended accordingly.

Five Year Capital Works Programme

As reported and approved by the Board in January of each year, full details of the 5 year capital works programme along with a copy of the full estimates for income and expenditure of the Board, can be requested from the office. These estimates underline the importance of having adequate reserves and detail the funding sources which includes long term debt, flood defence grant in aid and third party contributions.



Statement of Responsibilities for the Statement of Accounts

The Board is required:

- 1) To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Board that officer is the Responsible Financial Officer.
- 2) To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- 3) Approve the Statement of Accounts.

The Finance and Rating Managers responsibilities:

The Responsible Financial Officer is responsible for the Board's Statement of Accounts which is required to present a true and fair view of the financial position of the Board at the accounting date, and its Income and Expenditure for the year ended 31st March 2023.

In preparing this Statement of Accounts, the Responsible Financial Officer has:

- 1) selected suitable accounting policies and then applied them consistently;
- 2) made judgements and estimates that were reasonable and prudent;
- 3) prepared the Statement of Accounts in accordance with proper practice as set out in the CIPFA Code of Practice on local authority accounting in the United Kingdom;
- 4) applied the accounting concept of a going concern by assuming the IDB will continue to operate for the foreseeable future.

The Finance and Rating Manager has:

- 1) kept proper accounting records which were up to date;
- 2) taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Finance and Rating Managers responsibilities:

I certify that the Statement of Accounts gives a true and fair view of the financial position of Lindsey March Drainage Board at the reporting date and of its income and expenditure for the year ended 31st March 2023.

Name: Nicola Hind
Designation: Financial Reporting Officer
Date: 30th May 2023



Annual Governance Statement

Board's Role

As the members of Lindsey Marsh Drainage Board we acknowledge our responsibility for ensuring that there is a sound system of governance, incorporating the system of internal control, including the preparation of the Statement of Accounts.

The Board provides leadership within a framework of prudent and effective controls, which enables risk to be properly assessed and managed. The Board sets the strategic aims, ensures that the necessary financial and human resources are in place to meet its objectives, and reviews management performance. The Board also sets values and standards, and ensures that the obligations to its stakeholders are understood and delivered.

Board's Composition

The Board has a total of 21 members, 10 of which are elected by occupiers of agricultural land who pay Drainage Rates directly to the Board for the services they receive (the elected members), and 11 members are appointed by the constituent Councils to represent the extent of other interests in the Drainage District (the appointed members).

Accountability

The Board is democratically accountable to those that pay for the service in its Drainage District. Consequently all money that we raise to do work in our Drainage District is spent actually doing work that benefits the Drainage District. All Board members are bound by the Members Code of Conduct and should also register their interests before taking office.

All Board members (elected and appointed) are there to serve the interests of the Board, which may, on occasion, differ from party political wishes, or those of another body.

Elected Members

The number of elected members is set out in the constitution. Elections for membership of the Board are held every 3 years, so if you are not happy with our performance; either by exercising your vote as a drainage ratepayer or standing for election yourself. The last election was November 2022.

Appointed Members

Special Levy paying Councils are entitled to assign Appointed Members onto the Board in proportion to the proceeds of Special Levies that they contribute to the total Special Levy and Drainage Rates income. However, where the special levies represent the majority of an IDB's combined income from Special Levy and Drainage Rates, the overall number of Appointed Members is capped at one more than the total number of Elected Members.

Appointed Members do not have to be councillors or employed by the Special Levy paying Council, but the Council must consider appointing someone who has knowledge or experience of some matter

relevant to the internal drainage district, or the Board's functions. Appointed members are encouraged to feedback to the councils on the work and decisions of the Board. A vacancy occurring in the appointed membership is filled by the relevant Council and the term served by such Appointed Members is a matter for the appointing local authority.

Decision Making

The Board make the key decisions and have reserved those matters that only it can take. Such decisions are made at Board meetings that take place at least 5 times a year and are recorded in the Minutes. Board meetings are public meetings at which anyone can attend the general business sessions. All other matters which, by definition, the Board considers suitable for delegation or may otherwise need to be dealt with between Board meetings have been delegated to its Committees, in accordance with the Board's Standing Orders, Matters To Be Reserved To The Boards and Financial Regulations. In addition to this the Board is represented on a number of Joint Advisory Committees, which make recommendations to the Board on various matters. Decisions and Board policy are then implemented by the Chief Executive and his Management Team. All staff are bound by the Employees' Code of Conduct.

The Board has put in place a number of plans policies and procedures to reduce the risk of fraud and to manage the key risks around delivering its strategic objectives: Anti-Fraud and Corruption and Anti-Bribery Policy, Risk Management Policy and Whistle blowing Policy.

Transparency

The Board's Minutes are published on our website. We aim to comply with the Government's Transparency Code and have also implemented the following policies to explain the types of information we have and when we can make this info. available, if requested: Data Protection Privacy & Breach Policy, Document Retention/Destruction Policy and our Freedom of Information Publication Scheme. Most information is freely available and can be accessed from our website. Other news and live updates are communicated through our Facebook page, in accordance with the Board's IT Telecoms Acceptable Use Policy and IT Security Operating Procedures.

Independent Assurance

Following closure of the Audit Commission on 31 March 2015 and expiration of its audit contracts the Government's Specified Person (Public Sector Audit Appointments Ltd) now appoints an External Auditor each year to audit the Board's Accounts and governance arrangements (the Appointed Auditor). The Appointed Auditor reports directly to the Board and therefore provides independent assurance to the Board and its stakeholders that the Accounts have been prepared in accordance with proper practices and that governance arrangements are sufficiently robust. Furthermore the Internal Auditor checks that the Board's management team are fully complying with these governance arrangements and reports directly to the Board on this every year.

We confirm to the best of our knowledge and belief, with respect to the Board's Statement of Accounts for the year end 31st March 2023, that:

- 1) The Statement of Accounts have been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.
- 2) We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.
- 3) We have taken all reasonable steps to assure ourselves that there are no matters of actual

or potential non-compliance with laws, regulations and codes of practice which could have a significant financial effect on the ability of the Board to conduct its business or on its finances.

- 4) We have provided proper opportunity during the year for the exercise of electors rights in accordance with the requirements of the Accounts and Audit Regulations.
- 5) We have carried out an assessment of the risks facing the Board and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.
- 6) We have maintained throughout the year an adequate and effective system of internal audit of the Board's accounting records and control systems and carried out a review of its effectiveness.
- 7) We have taken appropriate action on all matters raised in previous reports from the internal and external audit.
- 8) We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year end, have a financial impact on the Board and where appropriate have included them in the Statement of Accounts.

The Board has responsibility for conducting a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Officers of the Board who have responsibility for the development and maintenance of the governance environment, and also by comments made by internal and external auditors.

The current Internal Auditors have performed a review of ten key areas, which can be seen in detail in the Internal Audit reported that has been included in this Statement of Accounts. These areas were given an overall assurance of Substantial Assurance.

Signed on behalf of Lindsey Marsh Drainage Board

Signed by: Chief Executive, Mr A McGill

Date:

Signed by: Responsible Financial Officer, Mrs N Hind

Date:



Internal Audit

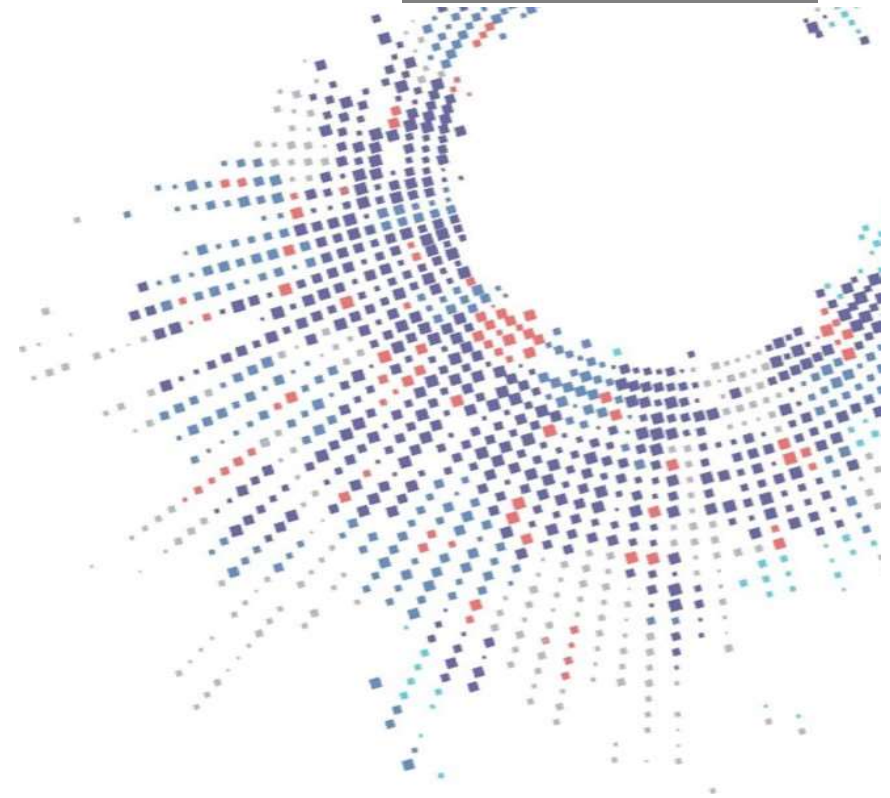
FINAL

Lindsey Marsh Drainage Board

Assurance Review of Annual Governance and Accountability Return

2022/23

April 2023



Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit covers all areas required by the Annual Governance and Accountability Return (AGAR) and includes where appropriate the key risks for a drainage board.

SCOPE

The purpose of the review was to undertake sufficient audit work to be able to sign off the Annual Governance and Accountability Return for Internal Audit.

KEY STRATEGIC FINDINGS



The Water Management Consortium is well-run with good accounting practices.



The Consortium has an informative website which is easy to navigate, well populated with useful and key information.



The Consortium should look to keep up to date their key Policies and Procedures.

GOOD PRACTICE IDENTIFIED



Good corporate governance is practiced by each of the four Boards with the Consortium with appropriate Member involvement.



The Dynamic Risk Register provides good oversight to embed and manage the Consortium's key operational activities.

ACTION POINTS

| Urgent | Important | Routine | Operational |
|--------|-----------|---------|-------------|
| 0 | 0 | 1 | 0 |

Assurance - Key Findings and Management Action Plan (MAP)

| Rec. | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------|-----------|---|--|----------|---|-------------------------------------|---------------------------------|
| 1 | Directed | A number of the Board's Policies and Procedures were reviewed and found to be in order and up to date. In addition, the main policies and procedures are all present on the Board's website. The Mission and Policy statement was adopted by the Board on 27 th March 2019 and while it has a five year review period there is reference to EU legislation which should be removed at the next review. Similarly the Financial Regulations which were approved by the Board in March 2019 also has reference to the EU which should now be updated. The review period for Financial Regulations is also every two years. | Policies and procedures to be reviewed and kept up to date in accordance with their review period or earlier if circumstances change and the document requires updating. | 3 | <i>These two policies are due for review and amendment ready for approval at the September Board meeting.</i> | 30/09/2023 | CEO |

PRIORITY GRADINGS

1 URGENT Fundamental control issue on which action should be taken immediately.

2 IMPORTANT Control issue on which action should be taken at the earliest opportunity.

3 ROUTINE Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

| Ref | Risk Area | Finding | Suggested Action | Management Comments |
|---|-----------|---------|------------------|---------------------|
| No Operational Effectiveness Matters were identified. | | | | |

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Findings



Directed Risk:
Failure to properly direct the service to ensure compliance with the requirements of the organisation.

| Ref | Expected Key Risk Mitigation | Effectiveness of arrangements | Cross Reference to MAP | Cross Reference to OEM |
|-----|--|-------------------------------|------------------------|------------------------|
| GF | Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation. | In place | 1 | - |
| RM | Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register. | In place | - | - |
| C | Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance. | In place | - | - |

Other Findings



The Agendas and Minutes of the following Lindsey Marsh Drainage Board (LMDB) Board meetings were reviewed:

- 26th January 2022 (approved 2022/23 penny rate increase of 3% increasing the drainage rate from 16.15p to 16.63p);
- 23rd March 2022;
- 15th June 2022;
- 28th September 2022; and
- 23rd November 2022.

The minutes of the above Board meetings were all found to be comprehensive and informative demonstrating good governance.



The Board have a Risk Management Statement, Strategy and Register which is available on their website. Although the detail in the risk register is not present on their website.

Other Findings



The Water Management Consortium (WMC) operate with two risk registers:

- 1) A Business Risk Register; and
- 2) A Dynamic Risk Register.

The business risk register is a corporate overview of the WMC's key risks and would be reviewed regularly and reported annually to the Board. The dynamic risk register enables officers to see the immediate risks and prioritise work according to potential impact. The dynamic risk register is reviewed weekly and is presented to each Board meeting.



The accounting records for the Water Management Consortium that includes LMDB are maintained using the Sage 200 accounting system.



A trial balance was obtained at the time of the audit (31 January 2023) and this was in balance. In addition, the accounting records were in order, up to date and in balance.



The accounts payable system was working well with creditors being paid in a timely manner



The purchase order system was reviewed and found to be in order.



The following invoices were reviewed in detail:

22/09/22 – TEC Partnership PP/GRIM001 £2,573.00 Training Course. Fee for an AAT L3 Dip in Accounting – all authorised 06/10/22 – TVIDB for credit card receipts for 31.08.22 TVIDB £10,102.01 Credit card receipts taken on behalf of other Boards.

There is not an invoice in respect of this, it is a movement of Cash. LMDB have a credit card facility to allow it to take card payments remotely (since covid) so Rate Payers can pay over the phone. LMDB take payments on behalf of the other Boards & these Controls accounts are operated within each Board, once checked & balanced between the boards, periodically LMDB make a payment to the other Board for the sums collected on that Board's behalf.

06/10/22 - DMJ Drainage Ltd PP/DMJD001 £51,000.00 Levelling out lagoon C at River Steeping. Purchase order 1356 – authorised. These were all in order.



The rates and special levies for 2022/23 were set on the 26 January 2022. As at the 31 January 2023 there was a balance of £5,422.33 (sum of credits and debits) on the drainage rate account. All outstanding debt is progressed and any not paid at year end will be carried forward. Debt collection proceedings will be followed if necessary to recover unpaid sums due.










The debtors system was reviewed and found to be working well. At the time of the audit (February 2023) an aged debtor's report was generated which was reviewed and found to be in order.



Very few write offs occur but when one is required through usually the clear inability to collect the debt through bankruptcy etc. the write off is approved by the Board in accordance with Financial Regulations. There had not been any write offs during 2022/23 year to date.








Other Findings

-  There are very few petty cash transactions and these are usually to reimburse for refreshments. The petty cash imprest for LMDB was reconciled and verified by a manager on a regular basis. At the time of the audit the petty cash was reconciled and in balance. The cash balance at the time of the audit was £17.37. Petty cash is being Phased out as the local Barclays bank is closing. The Board have applied for a debit card that can be used for any small purchases and to operate staff reimbursements through the payroll.
-  The payroll system is part of Sage and therefore interfaces well with Sage 200 the accounting package. This is part of the Consortium arrangements.
-  The pay data for week 44 and month 10 were reviewed and found to be in order.
-  The HMRC requirements for PAYE and NI for the month of January 2023 (month 10) had been met and the correct sums paid over as required to HMRC.
-  The asset register was up to date and complete for the items of plant, machinery and vehicles costing in excess of £500.
-  All accounting statements have been undertaken and reconciled to the cash book on a regular basis
-  A sample of sums feeding into the accounting statements were reviewed and verified to be correct

**Delivery Risk:****Failure to deliver the service in an effective manner which meets the requirements of the organisation.**

| Ref | Expected Key Risk Mitigation | Effectiveness of arrangements | Cross Reference to MAP | Cross Reference to OEM |
|-----|--|-------------------------------|------------------------|------------------------|
| PM | Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner. | In place | - | - |
| S | Sustainability The impact on the organisation's sustainability agenda has been considered. | In place | - | - |
| R | Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted. | In place | - | - |

Other Findings

-  Adequate budgetary arrangements are in place and a detailed finance report is reported to every Board meeting. The budget is monitored on a regular basis and Members are able to see how actuals are compared to the original budget at every Board meeting.
-  Reserves were reviewed and based upon current and projected rate rises these were adequate and aimed at achieving a 30% reserve position.
-  There is a future year's forecast covering five years in place that enables each Board to identify the impact on the rates/special levies and potential future year's rate increases. This is particularly helpful to enable Boards to reflect on future year's rate increases that would impact both the rate payers and local authorities and yet maintain a balanced budget.
-  Income and, in particular, the special levies and Environment Agency income is received in a timely manner. All income received is promptly banked. The majority of rating income is received via a bank transfer i.e. direct debit arrangement.
-  Bank reconciliations are regularly undertaken these were in order with no unreconciled sums.
-  The Board is operating within its approved budget for the 2022/23 financial year.
-  Good practice is adopted by the Board to respond to business interruption events and to enhance the economic, effective and efficient delivery of its services.

Scope and Limitations of the Review

1 The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

2 The matters raised in this report are only those that came to the attention of the auditor during the course of the review, and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Effectiveness of arrangements

3 The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

| | |
|---------------------------|--|
| In place | The control arrangements in place mitigate the risk from arising. |
| Partially in place | The control arrangements in place only partially mitigate the risk from arising. |
| Not in place | The control arrangements in place do not effectively mitigate the risk from arising. |

Assurance Assessment

4. The definitions of the assurance assessments are:

| | |
|------------------------------|--|
| Substantial Assurance | There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved. |
| Reasonable Assurance | The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved. |
| Limited Assurance | The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved. |
| No Assurance | There is a fundamental breakdown or absence of core internal controls requiring immediate action. |

Acknowledgement

5 We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

6 The table below sets out the history of this report.

| Stage | Issued | Response Received |
|-----------------------------------|-------------------------------|-------------------------------|
| Audit Planning Memorandum: | 23 rd January 2023 | 23 rd January 2023 |
| Draft Report: | 13 th March 2023 | 24 th April 2023 |
| Final Report: | 26 th April 2023 | |

AUDIT PLANNING MEMORANDUM

Appendix B

| | | | |
|------------------------|---|--------------------|--------------|
| Client: | Lindsey Marsh Drainage Board | | |
| Review: | Annual Governance and Accountability Return | | |
| Type of Review: | Assurance | Audit Lead: | Chris Harris |

| | | | |
|---|--|---|--|
| Outline scope (per Annual Plan): | The purpose of the review was to undertake sufficient audit work to be able to sign off the Annual Governance and Accountability Return for Internal Audit. | | |
| Detailed scope will consider: | <p>Directed</p> <p>Governance Framework: There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.</p> <p>Risk Mitigation: The documented process aligns with the mitigating arrangements set out in the corporate risk register.</p> <p>Compliance: Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.</p> | <p>Delivery</p> <p>Performance monitoring: There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.</p> <p>Sustainability: The impact on the organisation's sustainability agenda has been considered.</p> <p>Resilience: Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.</p> | |
| Requested additions to scope: | (if required then please provide brief detail) | | |
| Exclusions from scope: | | | |

| | | | | | |
|----------------------------|------------|---------------------------|------------|--------------------------------------|------------------------------|
| Planned Start Date: | 20/02/2023 | Exit Meeting Date: | 09/03/2023 | Exit Meeting to be held with: | Andrew McGill and Nikii Hind |
|----------------------------|------------|---------------------------|------------|--------------------------------------|------------------------------|

SELF ASSESSMENT RESPONSE

| Matters over the previous 12 months relating to activity to be reviewed | Y/N (if Y then please provide brief details separately) |
|---|--|
| Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc? | N |
| Have there been any breakdowns in the internal controls resulting in disciplinary action or similar? | N |
| Have there been any significant changes to the process? | N |
| Are there any particular matters/periods of time you would like the review to consider? | N |

LINDSEY MARSH DRAINAGE BOARD

Statement of Changes in Reserves **For the Year Ended 31 March 2023**

| <u>Usable Reserves</u> | Engineering Projects Reserve £ | Commuted Sums Reserve £ | Capital Receipts Unapplied Reserve £ | Plant Renewal Fund £ | General Reserve - Profit & Loss Reserve £ | Total £ |
|-----------------------------------|--------------------------------------|----------------------------------|--|----------------------------|--|---------------------|
| At 1 April 2022 | 4,009,428.04 | 0.00 | 136,003.00 | 437,185.16 | 1,758,787.22 | 6,341,403.42 |
| Profit / (Loss) for the Year | - | - | - | - | (520,020.92) | (520,020.92) |
| Board funding | 847,700.00 | - | - | - | (847,700.00) | 0.00 |
| Engineering receipts | 20,000.00 | - | - | - | (20,000.00) | 0.00 |
| Other comprehensive income | - | - | - | - | 548,000.00 | 548,000.00 |
| Trf from Capital Receipts Reserve | 136,003.00 | - | - | - | 0.00 | 136,003.00 |
| Transfer from General reserves | 228,843.21 | - | - | 45,000.00 | 711,679.44 | 985,522.65 |
| | <u>5,241,974.25</u> | <u>0.00</u> | <u>136,003.00</u> | <u>482,185.16</u> | <u>1,630,745.74</u> | <u>7,490,908.15</u> |
| Transfer to other reserves | (336,003.00) | 0.00 | (136,003.00) | (83,295.00) | (273,843.21) | (829,144.21) |
| Engineering expenditure | (836,627.44) | - | - | - | 836,627.44 | 0.00 |
| At 31 March 2023 | <u>4,069,343.81</u> | <u>0.00</u> | <u>0.00</u> | <u>398,890.16</u> | <u>2,193,529.97</u> | <u>6,661,763.94</u> |

| <u>Unusable Reserves</u> | Revaluation Reserve £ | Pension Reserve £ | Total £ |
|----------------------------------|-----------------------------|----------------------|---------------------|
| At 1 April 2022 | 6,796,170.24 | (4,045,000.00) | 2,751,170.24 |
| Profit / (Loss) for the Year | - | 4,890,000.00 | 4,890,000.00 |
| Transfer from other reserves | - | 0.00 | 0.00 |
| | <u>6,796,170.24</u> | <u>845,000.00</u> | <u>7,641,170.24</u> |
| Transfer to other reserves | 0.00 | 0.00 | 0.00 |
| Depreciation of pumping stations | (292,381.44) | 0.00 | (292,381.44) |
| At 31 March 2023 | <u>6,503,788.80</u> | <u>845,000.00</u> | <u>7,348,788.80</u> |

Reserves Note

Reserves are held to create a working balance to mitigate the impact of uneven cash flows and avoid uneven rate increases or decreases, to create a contingency to cushion the impact of unexpected events and emergencies, and to build funds to meet predicted future expenditure. However, not all reserves can be used to deliver services and these are reflected as Usable and Unusable. Unusable reserves are determined by technical accounting rules and are not available for use by the Board, Revaluation and Pension reserves are examples of Unusable Reserves. Of the Usable Reserves, the Board holds two different types - Allocated or Earmarked Reserves and Unallocated or General Reserves.

Usable Reserves

Allocated or Earmarked Reserves

Allocated or Earmarked Reserves are sums set aside for a specific known future use.

Engineering Project Reserve

The Engineering Project Reserve is an earmarked reserve where the sums have been set aside for a specific project or to meet expenditure for a specific future purpose.

Due to the nature of those schemes the life of the project can take place over a number of years and therefore any funds are held separately to those of the General Reserve to ensure that these funds are available when the expenditure is required.

Commuted Sums Reserve

A commuted sum is a "one-off" receipt, from a 3rd party, of a capital nature that is reserved against future expenditure of a specific nature. Any commuted sums are now held on the balance sheet as a future obligation (creditor) rather than a value in the reserve account.

Capital Receipts Unapplied Reserve

Capital receipts arise from the disposal of land & building assets and are credited to the Capital Receipts Unapplied Reserve from where new building or land assets may be financed from in the future.

During the year to 31st March 2023 the Board resolved to allocate the Capital Receipts Unapplied Reserve to the Engineering Schemes to be used on Saltfleet Pumping Station Refurbishment.

Plant Renewal Fund Reserve

The Plant Renewal & Operating Reserve is an earmarked reserve where funds have been set aside and are held for future costs incurred in the provision of new plant.

Where an item of plant is budgeted for in one year but not purchased until the following year the budget is moved to the plant reserve to earmark the funds for future use.

LINDSEY MARSH DRAINAGE BOARD

Statement of Changes in Reserves **For the Year Ended 31 March 2023**

Unallocated or General Reserves

Unallocated or General Reserves are funds to provide protection against unplanned expenditure.

The General Reserves, as shown on the Balance Sheet, shows the equity of the Board, and these funds are made up of both cash and non-cash assets/liabilities, such as any fixed assets the Board holds in its balance sheet.

Within those General reserves we identify the cash element so that we can ensure we have sufficient funds in the form of cash to meet our everyday expenditure and keep enough in reserve to enable the Board to meet any unplanned expenditure caused by an increase in costs or a flooding event. The Board's policy is to maintain a level of **30%** of average net operating costs. The calculation of average operating costs includes expenditure on pumping stations, watercourse maintenance, administration, other assets and borrowing charges. Non-monetary expenses, such as depreciation, are not included in the calculation.

Unusable Reserves

Revaluation Reserve

The revaluation reserve is a non-monetary accounting adjustment to record movement arising from the revaluation of the Pumping Stations from their historical cost to their value as at the revaluation date. The Revaluation Reserve is reduced annually in line with the value of the depreciation of the Pumping Stations. The Reserve value is not available for use by the Board.

The Revaluation Reserve has arisen from the revaluation of the pumping stations, last valued on 31st March 2009 by Castley & Co, Chartered Surveyors. The sums relating to that revaluation are shown in the Reserve, a further revaluation will be required in line with IFRS and these figures will be amending accordingly.

Pension Reserve

The Pension Reserve represents the present values of the Pension scheme, as valued by an independent firm of actuaries, based upon an estimate of the pensions that will be payable in future years taking into consideration assumptions on mortality rates and earnings. The Pension Reserve is not available for use by the Board.

The Pension reserve is an asset, having been in a deficit position for a number of years. A deficit arises where the Board has not contributed sufficient funds to match the Actuary's assessment of the future pension commitments as at the balance sheet date. The Actuary's assessment can change significantly from year to year, depending on investment performance, mortality rates and the age profile of the active members of the scheme. The asset / deficit value does not represent the exit costs of closing down the scheme or withdrawing from the LGPS scheme as at the balance sheet date.

Further notes relating to Pensions can be found in the Notes to the Accounts

LINDSEY MARSH DRAINAGE BOARD**Income & Expenditure Account**

All Values are shown in Pound Sterling

| | Notes | 31.03.2023 Current Year | 31.03.2022 Previous Year |
|--|-------|----------------------------|-----------------------------|
| INCOME | | | |
| Agricultural drainage rates | | 1,036,210.34 | 1,006,175.49 |
| Special levies | | 3,158,296.00 | 3,066,777.00 |
| Highland water contribution | | 64,193.77 | 52,024.79 |
| Stewardship income | | 3,771.75 | 3,771.75 |
| Rental, wayleaves & grazing income | | 987.68 | 837.68 |
| Income from PSCAs | 1 | 325,916.66 | 776,452.20 |
| Income from rechargeable works | 2 | 171,022.93 | 237,772.66 |
| Income from consenting | 3 | 113,907.82 | 97,206.20 |
| Income from recharge of disbursements | 4 | 89,421.45 | 75,206.34 |
| Contributions | 5 | 2,404.48 | 5,841.96 |
| Deferred income & commuted sums | 6 | 0.00 | 6,321.42 |
| Consortium & management income | 7 | 585,433.74 | 554,295.82 |
| Other income | 8 | 1,713.95 | 7,597.48 |
| Investment interest | | 16,437.96 | 3,562.26 |
| Grants | 26 | 20,000.00 | 0.00 |
| Contributions to Schemes | 27 | 0.00 | 19,240.00 |
| Own use of plant (absorption) | 9 | 683,940.96 | 390,662.14 |
| Own use of labour (absorption) | 9 | 941,090.29 | 873,378.82 |
| TOTAL INCOME | | 7,214,749.78 | 7,177,124.01 |
| MAINTENANCE & DEVELOPMENT EXPENDITURE | | | |
| Engineering scheme expenditure | 31 | 836,627.44 | 510,574.24 |
| Drain maintenance expenditure | 10 | 583,698.61 | 416,401.80 |
| Pumping station expenditure | 11 | 654,055.65 | 458,294.62 |
| PSCA Recharge Expenditure | 1 | 310,754.41 | 762,107.11 |
| Recharge expenditure | 2 | 170,243.17 | 235,802.99 |
| Consenting expenditure | 3 | 91,274.50 | 81,097.89 |
| Disbursement Costs | 4 | 89,414.14 | 75,206.34 |
| Stewardship costs | | 857.21 | 0.00 |
| Cost of goods sold & stock variances | | 12,215.18 | 9,421.96 |
| TOTAL MAINTENANCE & DEVELOPMENT EXPENDITURE | | 2,749,140.31 | 2,548,906.95 |
| SUPPORTIVE EXPENDITURE | | | |
| DLO costs | 12 | 773,006.95 | 786,016.13 |
| Other direct expenses | 13 | 8,525.40 | 6,788.61 |
| Environment Agency precept | | 450,451.00 | 450,451.00 |
| Support & establishment costs | 14 | 2,674,838.72 | 2,193,871.40 |
| Finance costs | 15 | 1,726.69 | 1,400.85 |
| Depreciation costs | 16 | 551,233.61 | 553,365.81 |
| Bad debt costs | | 262.76 | 113.33 |
| Biodiversity & environmental costs | | 273.18 | 297.07 |
| Pension scheme finance costs | 25 | 548,000.00 | 564,000.00 |
| Miscellaneous | | 0.00 | 0.00 |
| TOTAL SUPPORTIVE EXPENDITURE | | 5,008,318.31 | 4,556,304.20 |
| TOTAL EXPENDITURE | | 7,757,458.62 | 7,105,211.15 |
| | | (542,708.84) | 71,912.86 |
| EXCEPTIONAL INCOME | 17 | 22,687.92 | 46,164.49 |
| NET SURPLUS / (DEFICIT) | | (520,020.92) | 118,077.35 |

LINDSEY MARSH DRAINAGE BOARD**Balance Sheet Report**

All Values are shown in Pound Sterling

| | Notes | 31.03.2023 Current Year | 31.03.2022 Previous Year |
|---|-------|----------------------------|-----------------------------|
| <u>FIXED ASSETS</u> | | | |
| | 16 | | |
| Land & buildings | | 206,014.74 | 211,294.50 |
| Pumping stations | | 6,503,788.80 | 6,796,170.24 |
| Plant & equipment | | 1,278,965.01 | 1,206,857.47 |
| Motor vehicles | | 111,533.25 | 98,608.34 |
| Computer Equipment | | 378.08 | 1,512.92 |
| Assets under Construction | 31ii | 5,435,290.61 | 1,869,640.54 |
| FIXED ASSETS | | 13,535,970.49 | 10,184,084.01 |
| <u>CURRENT ASSETS</u> | | | |
| Stocks | | 103,797.10 | 92,114.56 |
| Trade debtors | | 128,757.63 | 254,449.96 |
| Rates debtors | | 317.21 | 3,170.88 |
| Other debtors | 18 | 29,348.34 | 137,354.06 |
| Cash at Bank and in hand | 19 | 8,687,867.44 | 6,218,129.86 |
| Prepayments | | 9,549.48 | 10,435.35 |
| CURRENT ASSETS | | 8,959,637.20 | 6,715,654.67 |
| <u>CURRENT LIABILITIES - DUE WITHIN 1 YEAR</u> | | | |
| Trade creditors & supplier retentions | 20 | (300,558.56) | (442,031.94) |
| Other creditors | 21 | (1,064,259.89) | (5,263.48) |
| Accruals | | (274,254.40) | (14,741.27) |
| Accrued Accumulated Absences | | (22,942.00) | 0.00 |
| Taxation & social security | 22 | (48,959.96) | (45,552.58) |
| Loans & hire purchase | 23 | 0.00 | 0.00 |
| Capital Grants received in advance | 26ii | (7,432,125.50) | (2,753,276.50) |
| Deferred income & commuted sums | 24 | (186,954.64) | (501,299.25) |
| CURRENT LIABILITIES | | (9,330,054.95) | (3,762,165.02) |
| NET CURRENT ASSETS | | (370,417.75) | 2,953,489.65 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 13,165,552.74 | 13,137,573.66 |
| <u>LONG TERM (LIABILITIES) / ASSET</u> | | | |
| Loans & hire purchase | 23 | 0.00 | 0.00 |
| Pension scheme asset / (liability) | 25 | 845,000.00 | (4,045,000.00) |
| LONG TERM LIABILITIES | | 845,000.00 | (4,045,000.00) |
| NET ASSETS | | 14,010,552.74 | 9,092,573.66 |
| <u>RESERVES:</u> | | | |
| <u>USABLE RESERVES</u> | | | |
| <u>EARMARKED RESERVES</u> | | | |
| Engineering Projects Reserve | | 4,069,343.81 | 4,009,428.04 |
| Commuted Sums Reserve | | 0.00 | 0.00 |
| Capital Receipts Unapplied Reserve | | 0.00 | 136,003.00 |
| Plant Renewal Fund | | 398,890.16 | 437,185.16 |
| TOTAL EARMARKED | | 4,468,233.97 | 4,582,616.20 |
| <u>GENERAL RESERVES</u> | | | |
| General Reserve - Profit & Loss Reserve | | 2,713,550.89 | 1,640,709.87 |
| Current period net surplus / (deficit) | | (520,020.92) | 118,077.35 |
| TOTAL GENERAL RESERVES | | 2,193,529.97 | 1,758,787.22 |
| <u>UNUSABLE RESERVES</u> | | | |
| Revaluation Reserve | | 6,503,788.80 | 6,796,170.24 |
| Pension Reserve | 25 | 845,000.00 | (4,045,000.00) |
| TOTAL NON-DISTRIBUTABLE RESERVES | | 7,348,788.80 | 2,751,170.24 |
| BOARD'S FUNDS | | 14,010,552.74 | 9,092,573.66 |



Statement of Accounting Policies

Basis of Financial Statement and Accounting Policies

The Statement of Accounts have been prepared in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/2023 (the Code).

Lindsey Marsh Drainage Board's accounting policies are the principle, bases, conventions, rules and practices applied that specify how the effects of transactions and other events are to be shown in its financial statements through recognising, selecting measurement bases for and presenting assets, liabilities, gains, losses and changes in reserves. It has adopted the following accounting policies which should be read in conjunction with the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in this statement of accounts.

Estimates and underlying assumptions are reviewed on an ongoing basis.

Critical Judgements In Applying Accounting Policies:

In applying the accounting policies the IDB has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

IAS20 Government Grants: An entity recognises government grants only when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

The grants received from the EA in respect of schemes have been shown within Grants Received in Advance, and the corresponding costs are shown within Assets Under Construction on the Balance Sheet. Once the projects are complete and the Certificate of Completion is received, alongside the relevant closure form from the Environment Agency being signed off, both the income from the grant, and the costs incurred will be recognised and the net cost of the asset recognised on the Balance Sheet.

Estimation Uncertainty:

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustments within the carrying amounts of assets and liabilities within the next financial year are:

1) Property

There could potentially be an impact on the valuations due to the passing of time since the last revaluation. Once the valuations are provided the Financial Statements will be adjusted accordingly.

2) Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected return on pension fund assets. A firm of consulting Actuaries is engaged with Lincolnshire Pension Fund, about the assumptions to be applied, and provides an annual report detailing this information and outlining the assumptions made.



Accruals:

All expenditure is charged in the period to which it relates on an accruals basis and a liability is recognised when there is a legal or constructive obligation.

Provisions:

A provision is recognised if, as a result of a past event, Lindsey Marsh Drainage Board has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Cash and Cash Equivalents:

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity, and a financial liability or equity instrument of another entity. The term Financial Instrument encompasses equity instruments, financial assets and financial liabilities.

The only financial assets held are receivables. Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Each financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

Financial liabilities are recognised on the Balance Sheet when the IDB becomes party to the contractual provisions of a financial instrument. Long term loans (PWLB) are shown in the balance sheet as the capital element outstanding at the year end, split between amounts due in the current year and amounts due outside of the year. Any interest paid is taken directly to the income and expenditure account. At the 31st March 2023 & 2022, the IDB had no Long Term Loans outstanding

Government Grants:

Government grants are recognised in the Income and Expenditure when all of the obligations and conditions have been met, if these have not yet been met these funds are held in the Grant Reserve.

Income Recognition:

Income is recognised at the time of invoicing. In the case of Drainage Rates this is on the 1st April annually.

Taxation:

Drainage Boards are exempt from Income, Corporation and Capital Gains Taxes. Value Added Tax is included in the accounts only to the extent that it is irrecoverable.



Pensions:

The Board participates in the Lincolnshire Local Government Pension Scheme, a defined benefit scheme, operated by Lincolnshire County Council. The Board pays a contribution of 18.5% on employees pensionable pay into the pension fund, rising to 24% in 2023/24. The expected costs of providing pensions, as calculated periodically by professional qualified actuaries, is charged to the Income and Expenditure in order to spread the cost over the service lives of employees in the scheme. The annual report is available on request.

Fixed Assets:

Fixed assets are recognised as expenditure on acquisition, creation or enhancement of fixed assets. Assets with estimated useful lives in excess of 1 one year and a value of £500, or £2,000 in the case of computer equipment , or above are capitalised on an accruals basis in the accounts.

Disposals are written off at cost less depreciation. Any surplus/deficit is charged/credited to Profit/Loss on Disposal in the Income and Expenditure Account.

Depreciation has been provided for using the straight line method.

The useful lives of the various items on the Fixed Asset Register are as follows:

Buildings: 50 years

Pumping station contents and weedscreen cleaners: 25 years

Motor vehicles and equipment: 5 years

Excavators and plant: 5-10 years

Properties, Pumping Stations and Land have been subject to revaluations, which are shown in the Revaluation Reserve account. These will be reviewed regularly so that the carrying amount does not materially differ from its fair value at the balance sheet date.

Inventories (Stocks)

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out method (FIFO).



Additional Disclosures

First Time Adoption of IFRS

The Statement of Accounts for 2022-23 is the first to be prepared on an IFRS basis.

The accounting policies detailed have been applied to the financial statements for the year ended 31st March 2023, the comparative information and the opening statement of financial position at the date of transition.

Material differences between amounts presented are explained below.

IFRS Adjustments

1) Government Grants

Under the Code, Government Grants are recognised as income when all obligations and conditions of the grant are met. As a result of adopting the accounting policy required by the Code, the Financial Statements have been amended by moving all Grant Income to the Capital Grants Received in Advance account, until all conditions and obligations are met. The previous accounting policy was to match expenditure with the grant.

2) Assets Under Construction

This expenditure was previously matched with the income received from the Government Grant and accounted for within the Income and Expenditure Statement for the year. This is now being classified separately, and once the asset is fully complete and all obligations and conditions of the grant met this will then be classified and accounted for as defined by the applicable accounting policy.

3) Accumulated Absences

Short term accumulating absences refer to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Authority. The most significant benefit covered by this heading is holiday pay. Under the Code, the cost of providing holidays and similar benefits is required when employees render their services that increase their entitlement to future compensated absences. As a result the Authority is required to accrue for any annual leave earned but not taken at 31 March each year. Under previous accounting arrangements, no such accrual was required.

Expenditure and Funding Analysis

Lindsey Marsh Drainage Board manages its activities and reports as a single operational unit, and as such no operational segmentation is provided in these Statement of Accounts.

Lindsey Marsh Drainage Board has not acquired or discontinued any operations in the year to 31st March 2023.

Events After The Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- 1) Those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- 2) Those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Risk Management

Lindsey Marsh Drainage Board has exposure to the following risks from its use of financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk
- 4) Operational risk

This note presents information about Lindsey Marsh Drainage Board's exposure to each of the above risks, the objective, policies and processes for measuring and managing risk, and management of capital. Further quantitative disclosures are included throughout these Statement of Accounts.

Risk Management Framework

The risk management framework is set out in the Annual Governance Statement of these Statement of Accounts.

Credit Risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations.

Liquidity Risk

Liquidity risk is the risk that Lindsey Marsh Drainage Board will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Lindsey Marsh Drainage Board's approach to managing liquidity risk is to only commit to financial instruments that can be funded from the available cash resources at the date of commitment.

Market Risk

Market risk is the risk that changes in market prices such as interest rates will affect Lindsey Marsh Drainage Board's income or the value of its financial instruments.

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with Lindsey Marsh Drainage Board's processes or personnel, technology and infrastructure risks, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

| | 31.03.2023 Current Year | 31.03.2022 Previous Year |
|---|----------------------------|-----------------------------|
| 1 PSCA Income & Expenses | | |
| PSCA Income | | |
| River Steeping Dredging works income received | | 542,709.00 |
| River Steeping works income moved to Deferred to match future expenses | | (340,110.43) |
| River Steeping works income moved from Deferred to match future expenses | 272,421.55 | 279,124.25 |
| Long & Great Eau Embankment works income received | | 97,409.40 |
| Long & Great Eau Embankment works income trf to Deferred to match future expenses | | (41,923.06) |
| Long & Great Eau Embankment works income trf from Deferred to match future expenses | 41,923.06 | 217,596.85 |
| PSCA Income - EA - DLO works done | 11,572.05 | 21,646.19 |
| | <u>325,916.66</u> | <u>776,452.20</u> |
| Expenses for PSCA works | | |
| River Steeping works | 272,421.55 | 531,722.82 |
| Long & Great Eau & Steeping Badger works | 29,223.78 | 213,083.19 |
| PSCA Costs - EA | 9,109.08 | 17,301.10 |
| PSCA costs | <u>310,754.41</u> | <u>762,107.11</u> |
| Income over Expenditure on PSCA | <u>15,162.25</u> | <u>14,345.09</u> |
| 2 Other Recharge Works | | |
| Income | | |
| Works performed recharged income - DLO | 3,573.45 | 8,743.69 |
| Works performed for other Boards income - DLO/Plant rent | 3,955.74 | 16,512.57 |
| Mileage re Engineers visits | 0.00 | 0.00 |
| Works performed recharged income - Engineers | 163,493.74 | 212,516.40 |
| | <u>171,022.93</u> | <u>237,772.66</u> |
| Expenditure | | |
| Works performed costs & recharged as income -DLO | 6,730.89 | 22,967.87 |
| Works performed costs & recharged as income - ENG | 163,512.28 | 212,835.12 |
| Recharge Works costs | 170,243.17 | 235,802.99 |
| Income over Expenditure on Recharge works performed | <u>779.76</u> | <u>1,969.67</u> |
| 3 Consenting Recharges | | |
| Income | | |
| Consent & application fees | 8,053.55 | 9,656.46 |
| Consenting time recharged to other boards | 60,509.51 | 45,122.27 |
| Surface water fees | 45,344.76 | 42,427.47 |
| | <u>113,907.82</u> | <u>97,206.20</u> |
| Expenditure | | |
| Consenting costs | 91,274.50 | 81,097.89 |
| Income over Expenditure on Consenting Recharge | <u>22,633.32</u> | <u>16,108.31</u> |
| 4 Disbursement Income & Expenditure | | |
| Recharge of expenditure Income | | |
| Income receipts for expenses | 89,421.45 | 75,206.34 |
| Recharge of expenditure | | |
| Expenses (disbursements) to be recharged | 89,414.14 | 75,206.34 |
| Income over Expenditure on Disbursements | <u>7.31</u> | <u>0.00</u> |
| Total Income Relating to Recharges | <u>700,268.86</u> | <u>1,186,637.40</u> |
| Total Expenditure Relating to Recharges | <u>661,686.22</u> | <u>1,154,214.33</u> |

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

| | 31.03.2023 | 31.03.2022 |
|---|---------------------|----------------------|
| | Current Year | Previous Year |
| 5 Contributions | | |
| Contributions towards vehicle fuel costs - private mile | 1,528.02 | 1,506.06 |
| Strubby Gliders | 876.46 | 963.24 |
| Contribution towards software costs | | 3,372.66 |
| | <u>2,404.48</u> | <u>5,841.96</u> |
| | 31.03.2023 | 31.03.2022 |
| | Current Year | Previous Year |
| 6 Deferred income & commuted sums | | |
| Olive tech fund released to Income & Expenditure | | 6,321.42 |
| | <u>0.00</u> | <u>6,321.42</u> |
| | 31.03.2023 | 31.03.2022 |
| | Current Year | Previous Year |
| 7 Consortium & management income | | |
| Consortium recharge | 585,433.74 | 554,295.82 |
| Management fee | 0.00 | 0.00 |
| | <u>585,433.74</u> | <u>554,295.82</u> |
| | 31.03.2023 | 31.03.2022 |
| | Current Year | Previous Year |
| 8 Other income | | |
| Sale of stocks | 5,584.20 | 84.00 |
| Sale of scrap | 0.00 | 916.00 |
| Sale of assets | 0.00 | 0.00 |
| Insurance claims | 0.00 | 0.00 |
| Summons costs receipts | 350.00 | 350.00 |
| Credit card income | 34.44 | 22.86 |
| Currency differentials on foreign transactions | (6,224.62) | 6,224.62 |
| Discounts - incl Once Com phone | 1,410.03 | - |
| Rental of plant to cover acquisition costs | 559.90 | - |
| | <u>1,713.95</u> | <u>7,597.48</u> |
| | 31.03.2023 | 31.03.2022 |
| | Current Year | Previous Year |
| 9 Use of Own | | |
| Use of Own Plant | | |
| Engineering Projects | 289,981.38 | 131,616.58 |
| PS Projects | 6,678.41 | 12,220.65 |
| Recharge Projects inc Steeping etc | 24,960.40 | 42,215.90 |
| Drains Maintenance Projects FLA, WEE, WOT, WED | 362,320.77 | 204,609.01 |
| Other | 0.00 | |
| | <u>683,940.96</u> | <u>390,662.14</u> |
| Use of Own Labour | | |
| Use of Own Labour - DLO | | |
| Engineering Projects | 204,030.42 | 110,748.41 |
| PS Projects | 29,185.97 | 35,482.31 |
| Recharge Projects inc Steeping etc | 13,249.59 | 62,638.88 |
| Drains Maintenance Projects FLA, WEE, WOT, WED | 178,233.59 | 158,225.09 |
| Other | 34.41 | |
| | <u>424,733.98</u> | <u>367,094.69</u> |
| Use of Own Labour - Consultants/Engineers | | |
| Engineering Projects | 247,666.46 | 168,885.71 |
| PS Projects | 6,739.54 | 9,841.73 |
| Recharge Projects inc Steeping etc | 261,696.96 | 327,216.16 |
| Drains Maintenance Projects FLA, WEE, WOT, WED | 253.35 | 340.53 |
| Other | 0.00 | |
| | <u>516,356.31</u> | <u>506,284.13</u> |
| Total Use of Own Labour | <u>941,090.29</u> | <u>873,378.82</u> |
| Total Use of Own Labour & Plant | <u>1,625,031.25</u> | <u>1,264,040.96</u> |

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

| | 31.03.2023 | 31.03.2022 |
|--|---------------------|----------------------|
| | Current Year | Previous Year |
| 10 Drain Maintenance Expenses | | |
| Flailing | 154,317.51 | 117,078.00 |
| Weedcutting | 342,220.60 | 236,650.96 |
| Emergency drain repairs | 30,833.61 | 21,264.83 |
| Other drain repairs | 56,326.89 | 41,408.01 |
| Other costs | 0.00 | 0.00 |
| | <u>583,698.61</u> | <u>416,401.80</u> |
| | 31.03.2023 | 31.03.2022 |
| | Current Year | Previous Year |
| 10 Drain Maintenance Expenses continued | | |
| Stocks | 20,507.50 | 13,644.15 |
| Use of own plant | 362,320.77 | 204,609.01 |
| Use of own labour | 178,233.59 | 158,225.09 |
| Contractors | 7,592.84 | 9,005.80 |
| Consultants | 253.35 | 340.53 |
| Compensation | 14,682.79 | 30,484.29 |
| Utilities (electric, phone, rates) | 107.77 | 92.93 |
| | <u>583,698.61</u> | <u>416,401.80</u> |
| | 31.03.2023 | 31.03.2022 |
| | Current Year | Previous Year |
| 11 Pumping Station Expenses | | |
| Stocks | 7,641.36 | 6,841.39 |
| Use of own plant | 6,678.41 | 12,220.65 |
| Use of own labour | 29,185.97 | 35,482.31 |
| Contractors | 36,705.68 | 22,472.43 |
| Consultants | 6,739.54 | 9,841.73 |
| Inspections | 13,162.45 | 6,316.75 |
| Utilities (Electric) | 499,924.88 | 305,395.92 |
| Utilities (Phone) | 1,694.52 | 7,172.89 |
| Utilities (Water, rates) | 427.61 | |
| Telemetry | 18,788.16 | 31,714.71 |
| Insurance | 32,158.49 | 20,320.34 |
| Expenses reimbursements | 860.58 | 515.50 |
| Other costs | 88.00 | 0.00 |
| | <u>654,055.65</u> | <u>458,294.62</u> |

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

11 Pumping Station Expenses

Pumping Station expenses - per station

| | Current Year | Previous Year |
|---|---------------------|----------------------|
| | 31.03.2023 | 31.03.2022 |
| Wainfleet Sea Lane Pumping Station | 20,950.54 | 23,002.92 |
| Gibraltar Point Pumping Station | 36,616.37 | 27,522.90 |
| Burgh Sluice Pumping Station | 48,314.00 | 26,285.71 |
| Gotts Pumping Station | 6,640.55 | 5,186.12 |
| Burgh Village Pumping Station | 3,620.43 | 3,391.70 |
| Wedlands Gate Tilting Weir | 1,239.47 | 1,319.39 |
| Crown Farm Pumping Station | 5,652.86 | 7,779.86 |
| Thorpe Culvert Pumping Station | 61,299.11 | 29,137.19 |
| Thorpe Culvert Diesel (Quincey's) Pumping Station | 1,589.81 | 1,908.64 |
| Ingoldmells Pumping Station | 64,483.32 | 36,718.71 |
| Wyche Pumping Station | 12,525.12 | 7,203.24 |
| Nursery Pumping Station | 1,985.44 | 5,283.85 |
| Boothby Pumping Station | 1,781.36 | 2,128.72 |
| Chapel Basin Pumping Station | 1,316.94 | 1,360.63 |
| Anderby Pumping Station | 48,550.94 | 29,222.61 |
| Anderby Diesel Pumping Station | 2,047.18 | 1,573.25 |
| Boygrift Pumping Station | 63,487.76 | 20,836.35 |
| Trusthorpe Pumping Station | 49,769.91 | 37,978.50 |
| Theddlethorpe Pumping Station | 41,130.80 | 28,753.54 |
| Fulbeck Pumping Station | 9,271.65 | 22,529.21 |
| Gayton Engine Pumping Station | 2,116.41 | 2,130.21 |
| Saltfleet Pumping Station | 48,509.02 | 28,195.12 |
| Howdales Pumping Station | 3,462.27 | 6,140.14 |
| Porters Sluice Pumping Station | 21,897.58 | 13,131.28 |
| Ludney Pumping Station | 8,489.69 | 5,997.18 |
| Austen Fen East Pumping Station | 6,356.02 | 5,874.51 |
| Austen Fen West Pumping Station | 6,170.57 | 4,415.83 |
| Grainthorpe Pumping Station | 22,646.25 | 20,062.79 |
| Biergate East Pumping Station | 8,494.50 | 11,786.86 |
| Biergate West Pumping Station | 8,838.14 | 10,185.44 |
| Covenham Pumping Station | 3,606.01 | 3,050.08 |
| Fulstow East Pumping Station | 5,826.53 | 10,098.98 |
| Fulstow West Pumping Station | 5,817.34 | 4,715.10 |
| Thoresby Bridge Pumping Station | 18,964.63 | 12,800.93 |
| Mablethorpe Upper Cut | 587.13 | 587.13 |
| | <u>654,055.65</u> | <u>458,294.62</u> |

* Entered new electric contract in 2022/23

31.03.2023
Current Year

31.03.2022
Previous Year

12 DLO costs

| | | |
|---------------------------|-------------------|-------------------|
| Wages | 582,256.68 | 602,418.72 |
| Employers NIC | 64,542.24 | 64,098.18 |
| Employers Pension | 97,528.20 | 100,660.35 |
| Accumulated Absences | 6,442.00 | 0.00 |
| DLO Travelling | 0.00 | 0.00 |
| DLO Training | 15,531.01 | 12,154.46 |
| Recruitment costs | 0.00 | 173.07 |
| PPE & Protective clothing | 5,888.82 | 4,659.35 |
| DLO Medicals | 818.00 | 1,852.00 |
| | <u>773,006.95</u> | <u>786,016.13</u> |

31.03.2023
Current Year

31.03.2022
Previous Year

13 Other Direct Costs

| | | |
|-----------------------------|-----------------|-----------------|
| Consumables | 6,113.11 | 4,127.75 |
| Buyers fees | 2,028.29 | 2,086.11 |
| Abstraction fees & licences | 384.00 | 574.75 |
| Miscellaneous expenses | 0.00 | - |
| | <u>8,525.40</u> | <u>6,788.61</u> |

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

| | 31.03.2023 | 31.03.2022 |
|---|---------------------|----------------------|
| | Current Year | Previous Year |
| 14 Support & Establishment Costs | | |
| Staff costs | 1,775,510.28 | 1,593,344.73 |
| Other staff costs incl travelling, training, recruitment, insurance | 83,361.02 | 54,378.13 |
| Depot costs | 41,789.78 | 40,297.30 |
| Office costs | 30,411.28 | 25,973.87 |
| Administration costs | 24,250.16 | 18,945.94 |
| Advertising costs | 440.00 | 440.00 |
| Shows and promotions | 0.00 | 0.00 |
| Travelling & subsistence costs | 7,856.73 | 7,613.42 |
| Motor vehicle running costs | 94,529.34 | 68,587.25 |
| Plant vehicle running costs | 300,172.53 | 182,612.88 |
| Plant (non-motorised) running and maintenance costs | 66,970.31 | 50,333.31 |
| Small tools renewals | 5,514.07 | 7,097.35 |
| Office & hire equipment costs | 19,856.23 | 14,189.21 |
| IT costs | 57,291.26 | 52,553.02 |
| Legal & professional fees | 121,595.46 | 42,711.50 |
| Board expenses | 10,679.60 | 7,106.40 |
| Subscriptions | 590.71 | 1,630.62 |
| ADA costs | 6,502.66 | 6,071.00 |
| Insurances | 27,517.30 | 19,985.47 |
| | <u>2,674,838.72</u> | <u>2,193,871.40</u> |

Included within Staff Costs is an accrual for accumulated holiday at the 31st March 2023 of £16,500

| | 31.03.2023 | 31.03.2022 |
|--|---------------------|----------------------|
| | Current Year | Previous Year |
| 15 Finance Costs | | |
| Bank charges | 958.19 | 838.27 |
| Credit charges | 329.00 | 18.00 |
| Card machine charges | 439.50 | 544.58 |
| Currency differentials - costs on foreign transactions | 0.00 | |
| | <u>1,726.69</u> | <u>1,400.85</u> |
| | | |
| PWLB Loan Interest - existing loans | 0.00 | 0.00 |
| | <u>1,726.69</u> | <u>1,400.85</u> |

16 Tangible assets

| | Land & Buildings | Pumping Stations & Contents | Plant, Equipment & Vehicles | Total |
|--|---------------------|-----------------------------------|-----------------------------------|----------------------|
| | £ | £ | £ | £ |
| Cost or valuation | | | | |
| At 1 April 2022 | 292,554.54 | 10,597,125.00 | 3,113,667.35 | 14,003,346.89 |
| Additions in year | - | - | 374,782.10 | 374,782.10 |
| Disposals in year | - | - | (228,500.00) | (228,500.00) |
| Written off to reserves | - | - | - | 0.00 |
| At 31 March 2023 | <u>292,554.54</u> | <u>10,597,125.00</u> | <u>3,259,949.45</u> | <u>14,149,628.99</u> |
| Depreciation | | | | |
| At 1 April 2022 | 81,260.04 | 3,800,954.76 | 1,806,688.62 | 5,688,903.42 |
| Charge in the year | 5,279.76 | 292,381.44 | 253,572.41 | 551,233.61 |
| Eliminated on disposal of assets to plant reserves | - | - | (191,187.92) | (191,187.92) |
| At 31 March 2023 | <u>86,539.80</u> | <u>4,093,336.20</u> | <u>1,869,073.11</u> | <u>6,048,949.11</u> |
| Carrying amount | | | | |
| At 31 March 2023 | <u>206,014.74</u> | <u>6,503,788.80</u> | <u>1,390,876.34</u> | <u>8,100,679.88</u> |
| At 31 March 2022 | <u>211,294.50</u> | <u>6,796,170.24</u> | <u>1,306,978.73</u> | <u>8,314,443.47</u> |

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

| | 31.03.2023 | 31.03.2022 |
|---|-----------------------|----------------------|
| | Current Year | Previous Year |
| 16 Tangible assets continued | | |
| Depreciation charge on assets | 551,233.61 | 553,365.81 |
| Adjustment to asset costs/deptn | 0.00 | 0.00 |
| | <u>551,233.61</u> | <u>553,365.81</u> |
| 17 Profit / Loss on disposal of assets | | |
| Loss / (Profit) on disposal of plant | (22,687.92) | (32,081.97) |
| Loss / (Profit) on disposal of vehicles | (22,687.92) | (14,082.52) |
| | <u>(22,687.92)</u> | <u>(46,164.49)</u> |
| | 31.03.2023 | 31.03.2022 |
| | Current Year | Previous Year |
| 18 Other Debtors | | |
| VAT refund due from HMRC | 28,980.13 | 136,381.11 |
| Wages debtor | 368.21 | 972.95 |
| | <u>29,348.34</u> | <u>137,354.06</u> |
| | 31.03.2023 | 31.03.2022 |
| | Current Year | Previous Year |
| 19 Cash at bank and in hand | | |
| Barclays current account | 500,500.78 | 500,068.28 |
| Barclays business premium account | 6,495,859.67 | 4,032,283.27 |
| Beverley Building Society | 391,304.32 | 390,011.39 |
| Monmouth Building Society | 517,153.52 | 514,296.70 |
| Santander Business Reward account | 783,031.78 | 781,378.47 |
| Cash | 17.37 | 91.75 |
| | <u>8,687,867.44</u> | <u>6,218,129.86</u> |
| | 31.03.2023 | 31.03.2022 |
| | Current Year | Previous Year |
| 20 Trade creditors and supplier retentions | | |
| Trade creditors | (140,999.41) | (314,943.85) |
| Supplier retentions | (159,559.15) | (127,088.09) |
| | <u>(300,558.56)</u> | <u>(442,031.94)</u> |
| | 31.03.2023 | 31.03.2022 |
| | Current Year | Previous Year |
| 21 Other Creditors | | |
| Other creditors - payments in advance | (1,022,844.50) | 0.00 |
| Pensions | (36,330.54) | (2,416.71) |
| Trade Union | (852.50) | 186.50 |
| Health Scheme | (48.84) | 0.00 |
| Credit cards | (610.59) | (1,438.34) |
| Due to other Boards re credit card receipts | (3,572.92) | (1,594.93) |
| | <u>(1,064,259.89)</u> | <u>(5,263.48)</u> |
| | 31.03.2023 | 31.03.2022 |
| | Current Year | Previous Year |
| 22 Taxation and social security | | |
| VATpayment due to HMRC | 0.00 | 0.00 |
| PAYE due to HMRC | (48,959.96) | (45,552.58) |
| | <u>(48,959.96)</u> | <u>(45,552.58)</u> |
| | 31.03.2023 | 31.03.2022 |
| | Current Year | Previous Year |
| 23 Loans | | |
| Due within 1 year | | |
| PWLB Loans | - | - |
| | <u>0.00</u> | <u>0.00</u> |
| Due after 1 year | | |
| PWLB Loans | - | - |
| | <u>0.00</u> | <u>0.00</u> |
| Total Loans & HP outstanding | <u>0.00</u> | <u>0.00</u> |

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

| | | 31.03.2023 Current Year | 31.03.2022 Previous Year |
|--|-----------------------|--|---|
| 24 Deferred Receipts & Commuted Sums | | | |
| Drain Maintenance - Lindum, Golf Road commuted Sum (21/05/18) | | (111,036.50) | (111,036.50) |
| Culvert commuted sums | | (8,229.26) | (8,229.26) |
| PSCA Income received in Advance of Expenditure (See below) | | <u>(67,688.88)</u> | <u>(382,033.49)</u> |
| | | <u>(186,954.64)</u> | <u>(501,299.25)</u> |
| RCH Project Balances cfwd: | | | |
| LM20901 River Steeping Dredging | | 67,688.88 | 340,110.43 |
| LM20902 Badger Works | | 0.00 | 41,923.06 |
| | | <u>67,688.88</u> | <u>382,033.49</u> |
| | | | |
| | 31.03.2023 | | 31.03.2022 |
| 25 Pensions | Current Year | | Previous Year |
| Income & Expenditure | | | |
| Current Service costs | 796,000.00 | 791,000.00 | |
| Current Service income | <u>(344,000.00)</u> | <u>(323,000.00)</u> | |
| | 452,000.00 | | 468,000.00 |
| Interest costs on defined benefit obligation | 439,000.00 | 333,000.00 | |
| Interest income on plan assets | <u>(339,000.00)</u> | <u>(233,000.00)</u> | |
| Total Net Interest | 100,000.00 | | 100,000.00 |
| Administration expenses | 10,000.00 | | 9,000.00 |
| Contributions in respect of unfunded benefits | <u>(14,000.00)</u> | | <u>(13,000.00)</u> |
| Total Loss / (Profit) | <u>548,000.00</u> | | <u>564,000.00</u> |
| | | | |
| Balance Sheet | | | |
| Changes in the Fair Value of Plan Assets | | | |
| Opening Position at 1st April | | 12,929,000.00 | 11,571,000.00 |
| Contributions by employees | 136,000.00 | 126,000.00 | |
| Contributions by employer * | 344,000.00 | 323,000.00 | |
| Contributions in respect of unfunded benefits | <u>14,000.00</u> | <u>13,000.00</u> | 462,000.00 |
| Interest Income on Plan Assets | | 339,000.00 | 233,000.00 |
| Other actuarial gains / (losses) on assets | | 379,000.00 | 0.00 |
| Remeasurement - Return on assets less interest ** | | (651,000.00) | 1,015,000.00 |
| Administration expenses | | (10,000.00) | (9,000.00) |
| Benefits paid out | (244,000.00) | (330,000.00) | |
| Benefits (unfunded) paid out | <u>(14,000.00)</u> | <u>(13,000.00)</u> | (343,000.00) |
| Closing fair value of plan assets at 31st March | | <u>13,222,000.00</u> | <u>12,929,000.00</u> |
| | | | |
| Changes in the Defined Benefit Obligation | | | |
| Opening Position at 1st April | | (16,974,000.00) | (16,765,000.00) |
| Total Service costs | | (796,000.00) | (791,000.00) |
| Interest Costs on defined benefit obligation | | (439,000.00) | (333,000.00) |
| Contributions by employees | | (136,000.00) | (126,000.00) |
| Remeasurements: ** | | | |
| Changes in financial assumptions *** | 7,545,000.00 | 729,000.00 | |
| Changes in demographic assumptions | 805,000.00 | - | |
| Other experience **** | <u>(2,640,000.00)</u> | <u>(31,000.00)</u> | 698,000.00 |
| Benefits paid out | 244,000.00 | 330,000.00 | |
| Benefits (unfunded) paid out | <u>14,000.00</u> | <u>13,000.00</u> | 343,000.00 |
| Closing position at 31st March | | <u>(12,377,000.00)</u> | <u>(16,974,000.00)</u> |
| | | | |
| Balance Sheet | | | |
| Closing Position of Net assets / (liabilities) - Pension Deficit | | <u>845,000.00</u> | <u>(4,045,000.00)</u> |

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

25 Pensions note continued

Movement on Reserves

| | | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| Service Costs | (796,000.00) | | (791,000.00) | |
| Employer contributions | <u>344,000.00</u> | (452,000.00) | <u>323,000.00</u> | (468,000.00) |
| Interest Income | 339,000.00 | | 233,000.00 | |
| Interest costs | <u>(439,000.00)</u> | (100,000.00) | <u>(333,000.00)</u> | (100,000.00) |
| Remeasurement - assets ** | (651,000.00) | | 1,015,000.00 | |
| Remeasurement obligations ** | <u>5,710,000.00</u> | 5,059,000.00 | <u>698,000.00</u> | 1,713,000.00 |
| Other actuarial gains / (losses) on assets | | 379,000.00 | | 0.00 |
| Administration expenses | | (10,000.00) | | (9,000.00) |
| Unfunded benefits | | 14,000.00 | | 13,000.00 |
| Movement on Pension Reserve | | <u>4,890,000.00</u> | | <u>1,149,000.00</u> |

* Contributions by employer - this represents the contributions made by the Board to the Pension Scheme pool. Each employer within the pool pays a contribution rate based on the costs of the benefits of the combined membership of the pool. The contribution represents those made in respect of current employees, based upon their salaries and wages, plus the additional contribution made by the Board to address the Pension Deficit. The contribution value includes the Ill-health Liability Insurance element as this forms part of the pension service costs, from April 2023 the Board will no longer pay a separate Ill-health Liability insurance. In the year to 31st March 2023 the Board contributed £30,000 (£29,000 in 2022) towards the pension deficit. This will decrease to £0 in 2023/24 as the Pension fund is no longer in deficit.

** Remeasurement - Formal actuarial valuations are carried out every 3 years, when the assets and liabilities of the pension scheme are calculated on a detailed basis. The balance sheet totals at 31st March 2023 were based on the previous formal valuation in 2022, any assumptions made in non-valuation years are effectively re-calibrated once a detailed valuation takes place. The next triennial valuation will take place in 2025.

*** Remeasurement - Contributions payable to the pension scheme are calculated using assumptions from the ongoing funding valuation. An accounting valuation is prepared to meet statutory disclosure requirements and is included within the employers annual accounts. The two valuation types can be significantly different due to the different assumptions used. The main area where funding valuation for the Fund and the accounting valuations differ is the calculation of the discount rate used to measure the funds future cashflow obligation value. Future pension increases are expected to be based on inflation measured using the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI).

**** Other Experience - The experience loss / gain on the defined benefit obligation includes £1,294,000 in respect of the allowance for actual pensions increases and CPI inflation over the accounting period.

| | 31.03.2023 | 31.03.2022 |
|--|-----------------------|-----------------------|
| | Current Year | Previous Year |
| 26 Grant Income | | |
| 26i Engineering projects Grant Income received | | |
| Trusthorpe PS | 732,242.00 | 201,910.00 |
| Ingoldmells | 600,000.00 | |
| Anderby PS | 600,000.00 | |
| Saltfleet | 2,746,607.00 | 833,000.00 |
| Willoughby Drain works | 20,000.00 | |
| Culverts at Thorpe Culvert | | 90,000.00 |
| Theddlethorpe PS | | 28,000.00 |
| Boygrift PS | | 70,000.00 |
| Telemetry | - | 185,000.00 |
| | <u>4,698,849.00</u> | <u>1,407,910.00</u> |
| | 31.03.2023 | 31.03.2022 |
| | Current Year | Previous Year |
| 26ii Capital Grants received in advance | | |
| Grants Position at Bfwd | (2,753,276.50) | (1,345,366.50) |
| New grants in Year -where work not completed | (4,678,849.00) | (1,407,910.00) |
| Grant works completed released to P&L | 0.00 | 0.00 |
| Grants Position Cfwd | <u>(7,432,125.50)</u> | <u>(2,753,276.50)</u> |
| 26iii Engineering projects Grant Income - P&L | <u>20,000.00</u> | <u>0.00</u> |

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

| | 31.03.2023 | 31.03.2022 |
|--|---------------------|----------------------|
| | Current Year | Previous Year |
| 27 Engineering projects Contributions | | |
| Electronic Working | 0.00 | 19,240.00 |
| | <u>0.00</u> | <u>19,240.00</u> |
| | | |
| | 31.03.2023 | 31.03.2022 |
| | Current Year | Previous Year |
| 28 Engineering projects - funded from deferred income | | |
| Electronic Working | 0.00 | 6,321.42 |
| | <u>0.00</u> | <u>6,321.42</u> |
| | | |
| | 31.03.2023 | 31.03.2022 |
| | Current Year | Previous Year |
| 29 Engineering projects - other funding & movement from / (to) Reserves | | |
| Moved from General reserves to cover unexpected costs | | |
| Held over funds for Pumping Station doors | 12,000.00 | 46,000.00 |
| Gayton Engine | 15,000.00 | |
| Wyche PS | 2,000.00 | |
| Willoughby Flooding | 79,078.75 | |
| Mink Control & Barn Owl | 2,276.78 | |
| Reforming | 90,349.01 | |
| Boygrift | 28,138.67 | |
| | <u>228,843.21</u> | <u>46,000.00</u> |
| Moved to General reserves from existing project funds or at close of project | | |
| Saltfleet | (336,003.00) | |
| Moved from scheme budgets to PSCA/Partnership schemes | | |
| Partnership Scheme trf to PSCA R.Steeping Dredging | | (50,000.00) |
| | <u>(336,003.00)</u> | <u>(50,000.00)</u> |
| Net Movement to general reserves | <u>(107,159.79)</u> | <u>(4,000.00)</u> |
| | | |
| 30 Engineering projects - other funding from Capital Receipts Unapplied Reserve | | |
| Saltfleet | 136,003.00 | |
| | <u>136,003.00</u> | <u>0.00</u> |
| | | |
| | 31.03.2023 | 31.03.2022 |
| | Current Year | Previous Year |
| 31 Engineering projects expenditure | | |
| 31i Engineering projects expenditure in year | | |
| Stocks | 160,365.00 | 139,252.99 |
| Use of own plant | 289,981.38 | 131,616.58 |
| Use of own labour | 204,030.42 | 110,748.41 |
| Contractors | 3,371,781.02 | 463,239.33 |
| Consultants - internal | 247,666.46 | 168,885.71 |
| Consultants - external | 31,582.40 | 69,994.33 |
| Compensation | 29,594.75 | 36,634.49 |
| Expense items reimbursements incl travel | 6,570.68 | 2,211.17 |
| Other costs - incl hard/software | 60,705.40 | 24,474.10 |
| Other costs | - | - |
| | <u>4,402,277.51</u> | <u>1,147,057.11</u> |
| | | |
| | 31.03.2023 | 31.03.2022 |
| | Current Year | Previous Year |
| 31ii Assets Under Construction - Capital Grant Expenditure | | |
| Expenditure on schemes receiving grants not completed Bfwd | 1,869,640.54 | 1,233,157.67 |
| New expenditure in year -where work not completed | 3,565,650.07 | 636,482.87 |
| Grant works completed released to P&L | 0.00 | 0.00 |
| Expenditure Position cfwd | <u>5,435,290.61</u> | <u>1,869,640.54</u> |
| | | |
| 31iii Engineering projects Grant Income - P&L | <u>836,627.44</u> | <u>510,574.24</u> |

Glossary of Terms

Accounting period

The period of time covered by the accounts, a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

Accounting policies

The basis on which an organisation's financial statements are based to ensure that those statements 'present fairly' the financial position and transactions of that organisation. Accounting concepts include 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements'.

Accruals

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which the authority has not billed or been billed, or for which actual payment had not been received or made as at 31 March.

Actuarial gains and losses

These may arise on both defined benefit pension scheme liabilities and assets. A gain represents a positive difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were lower than estimated). A loss represents a negative difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were higher than estimated).

Amortisation

The measure of the wearing out, consumption, or other reduction in the useful economic life of an intangible long term asset.

Amortised cost

This is cost that has been adjusted for amortisation.

Asset

An item owned by the Authority which has a value, for example, premises, vehicles, equipment, stocks, cash.

Budget

The statement of the Authority's policy expressed in financial terms usually for the current or forthcoming financial year. The Revenue Budget covers running expenses (see also: revenue income and expenditure), and the Capital Budget plans for asset acquisitions and replacements (see also: capital income and expenditure).

Capital income and expenditure

Expenditure on the acquisition of a long term asset, which lasts normally for more than one year, or expenditure which adds to the life or value of an existing long term asset.

Capital financing

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure, including borrowing, leasing, direct revenue financing, useable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Cash equivalents

These are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Equivalents are held for the purpose of meeting short term cash commitments rather than for investment purposes.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional accountancy institute that sets the standards for the public sector. CIPFA publishes the Accounting Codes of Practice for local government.

Code of practice on local authority accounting (the Code)

Based on International Financial Reporting Standards, the Code aims to achieve consistent financial reporting between all English local authorities and National Park Authorities. It is based on generally accepted accounting standards and practices.

Contingent liabilities

Potential costs that the Authority may incur in the future because of something that happened in the past.

Creditors

Amounts owed by the Authority for goods and services provided for which payment has not been made at the end of the financial year.

Current value

This is the cost of an asset if bought in the current year.

Debtors

Sums of money due to the Authority but not received at the end of the financial year.

Deficit

Arises when expenditure exceeds income or when expenditure exceeds available budget.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a long term asset.

Expected return on pension assets

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair value

The price at which the Authority could buy or sell an asset in a transaction with another organisation, less any grants received towards buying or using that asset.

Financial asset

A right to future economic benefits.

Financial instrument

Any contract that gives rise to a financial asset in one organisation and a financial liability in another.

Financial liability

An obligation to transfer economic benefits.

Finance lease

A lease which transfers all of the risks and rewards of ownership of a long term asset to the lessee. Where these leases are entered into, the assets acquired have to be included with the Authority's long term assets in the balance sheet at the market value of the asset involved (see also: operating lease).

Long term assets

Assets that yield benefits to the Authority and the services it provides for a period of more than one year.

Government grants

Grants paid by the Government. These can be for general expenditure or a particular service or initiative.

Historic cost

The cost of an asset when originally bought.

IAS19 retirement benefits

An International Financial Reporting Standard which requires local authorities to reflect the true value of the assets and liabilities relating to the Pension Fund in their financial statements.

Impairment

A reduction in the value of a long term asset to below its carrying amount in the Balance Sheet. Impairment of an asset is caused either by a consumption of economic benefits e.g. physical damage (fire at a building) or a deterioration in the quality of the service provided by the asset, or by a general fall in prices of that particular asset or type of asset.

Infrastructure assets

Non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways , footpaths and coast protection works.

Intangible assets

Intangible assets are non-financial long term assets that do not have physical substance but are identifiable and are controlled by the Authority through custody or legal rights.

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards (IFRS) are issued by the International Accounting Standards Board. All local authorities apply international accounting regulations when preparing accounts. The Authority's accounts follow these standards where they apply to local authorities.

Liability

An obligation to transfer economic benefits. Current liabilities are usually payable within one year.

Market price

This is the price at which another organisation is prepared to buy or sell an asset.

Net book value

The amount at which long term assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

Operating lease

A lease whereby the ownership of the asset remains with the leasing company and an annual rent is charged to the relevant service. The assets involved are not included within the Authority's long term assets in the balance sheet (see also: finance lease). Contract hire is an example of an operating lease.

Outturn

The actual amount spent in the financial year.

Pension fund

A fund which makes pension payments on retirement of its participants.

Provision

An amount set aside to provide for a liability, which is likely to be incurred, but where the exact amount and the date on which it will arise are uncertain.

Reserves

An amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

Revenue income and expenditure

Expenditure which relates to day to day expenses, such as salaries and wages, general running expenses and the minimum revenue provision. Revenue income includes charges made for goods and services.

Surplus

Arises when income exceeds expenditure or when expenditure is less than available budget.

Value added tax (vat)

A tax on consumer expenditure, collected on business transactions at each stage in the supply, but ultimately borne by the final customer.

Variance / variation

A difference between budgeted income or expenditure and actual outturn, also referred to as an 'over-' or 'underspend'